

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

2002 Biennial Regulatory Review—Review of)	
the Commission’s Broadcast Ownership Rules)	MB Docket No. 02-277
and Other Rules Adopted Pursuant to Section)	
202 of the Telecommunications Act of 1996)	
)	
Cross-Ownership of Broadcast Stations and)	MM Docket No. 01-235
Newspapers)	
)	
Rules and Policies Concerning Multiple)	MM Docket No. 01-317
Ownership of Radio Broadcast Stations in)	
Local Markets)	
)	
Definition of Radio Markets)	MM Docket No. 00-244
)	

**RESPONSE OF FOX, NBC/TELEMUNDO, AND VIACOM TO
EARLY SUBMISSION OF NAB AND NASA**

Fox Entertainment Group, Inc. and Fox Television Stations, Inc. (“Fox”), National Broadcasting Company, Inc. and Telemundo Communications Group, Inc. (“NBC/Telemundo”), and Viacom (collectively, the “Joint Commenters”) hereby submit their response to the “Early Submission of the National Association of Broadcasters and the Network Affiliated Stations Alliance” (“NAB/NASA Submission”), filed December 9, 2002.¹ The NAB/NASA Submission analyzes Study #7 (“The Measurement of Local Television News and Public Affairs Programs”) released by the FCC Media Ownership Working Group in conjunction with the above-referenced

¹ The Joint Commenters will submit full comments in this proceeding on or before the deadline of January 2, 2003.

proceeding.² The Joint Commenters asked Economists Incorporated (“EI”) to conduct an independent investigation of the issues explored in both Study #7 and the NAB/NASA Submission. As explained in the attached report, EI finds that the NAB/NASA Submission has a serious analytical flaw that completely undermines its validity – exclusion of the news programming data for Fox owned-and-operated stations (“O&Os”) and affiliates.³ EI concludes that NAB/NASA’s asserted justification for excluding Fox is “*absurd*.”⁴ When the Fox stations are included, even NAB/NASA must concede that O&Os present significantly more minutes of news and public affairs programming than affiliates. Independent of EI’s analysis of the NAB/NASA Submission, EI undertook its own study using a different data set and found that O&Os carry significantly more minutes of local news and public affairs programming than affiliates and earn a similar number of awards for news quality.⁵

Study #7 compares the news performance of stations owned and operated by ABC, CBS, Fox, or NBC to those of independent affiliates of the four networks. The study concludes that O&Os produce on average a greater quantity of local news and public affairs and receive more awards from the Radio and Television News Directors Association (“RTNDA”) and Alfred I. duPont-Columbia University (“duPont-Columbia”) for news quality than do affiliates.

² Thomas C. Spavins, Loretta Denison, Scott Roberts, and Jane Frenette, *The Measurement of Local Television News and Public Affairs Programs*, released in MB Docket No. 02-277 and MM Docket Nos. 01-235, 01-317, and 00-244 (2002) (“Study #7”).

³ Bruce M. Owen, Kent W. Mikkelsen, Rika O. Mortimer, and Michael G. Baumann, Economists Incorporated, *News and Public Affairs Programming: Television Broadcast Network Owned and Operated Stations Compared to Network Affiliated Stations* at 3, 10-11 (2002) (“Appendix 1”).

⁴ *Id.* at 3 (emphasis supplied).

⁵ *Id.* at 11.

The NAB/NASA Submission argues that Study #7 used flawed data and methodology and that its conclusions therefore are invalid. According to NAB/NASA, the most significant shortcoming of Study #7 is its failure to account for the impact of market size.⁶ NAB/NASA further argue that Fox stations should not have been included in Study #7 based on two claims: the group tends to have greater variation in the amount of news programming offered than do the other O&O groups, and many of the Fox O&Os were recently acquired from independent operators.⁷

NAB/NASA must admit that if the Fox stations are included in its own regression analysis (which controls for market size – the other alleged defect in Study #7), O&O stations present significantly more news than affiliates.⁸ Stated differently, NAB/NASA can find that affiliates and O&O stations present the same amount of news only by manipulating – indeed completely ignoring – data by excluding the Fox O&Os and affiliates.

As EI explains, there is no basis for this exclusion. Mere variability in the amount of news carried does not make the Fox O&Os “outliers.”⁹ And exclusion of the Fox stations data on the ground that their performance reflects the decisions of prior owners is, as EI puts it, “absurd.”¹⁰ Fox could quickly replace local news programming with syndicated programming if that were its preference.¹¹ Nor is there any basis for the inference that Fox might drop news on

⁶ See NAB/NASA Submission at 2.

⁷ *Id.* at 4.

⁸ NAB/NASA Submission at 6, n.6.

⁹ Appendix 1, at 3.

¹⁰ *Id.*

¹¹ *Id.*

recently acquired stations. Indeed, the data shows that since acquiring its O&O stations, Fox has increased by over 50 percent on average the amount of news its stations present.¹² Equally important, NAB/NASA's suggestion that "Fox has acquired many of its stations only recently" is simply false.¹³

Separate from its analysis of the NAB/NASA Submission, and as explained in Appendix 1, EI, using data different from Study #7, conducted its own analysis of the amount of local news and public affairs programming presented by O&O stations and affiliates. Like the FCC's conclusion in Study #7, EI finds that O&O stations offer significantly more news and public affairs programming than affiliates. Using the same simple regression model presented in the NAB/NASA Submission, EI finds that O&O stations carry approximately 30 percent more news and public affairs minutes per week than do affiliate stations.¹⁴ Using a richer set of explanatory variables, EI finds that O&O stations carry 37 percent more news and public affairs than affiliates.¹⁵ In short, no matter what the approach – the FCC data adjusted by NAB/NASA for market size or the two EI multiple regression analyses – O&O stations broadcast significantly more news and public affairs than affiliates.

Finally, with respect to news awards, the NAB/NASA Submission again criticizes Study #7 for failing to adjust for the impact of market size—but again, NAB/NASA's alternative

¹² Fox will submit for the record in this proceeding complete data concerning the news output of its stations.

¹³ NAB/NASA Submission at 4. According to NAB/NASA, "Fox has acquired close to 40 percent of its current stations in 2001 or 2002, and at the time of the analysis (Nov. 2000), most of the Fox-owned stations included in the study were similarly recently acquired." *See id.* There is absolutely no basis in fact, however, for NAB/NASA's claims. Fox has acquired only 11 of its 35 full-power television stations (or 31.4%) in 2001 or 2002. Moreover, Fox acquired only 1 television station in 2000. All of its other stations were acquired in 1997 or earlier.

¹⁴ Appendix 1, at 9.

¹⁵ *Id.*

analysis omits relevant data. In comparing the record of O&O and affiliate news operations, NAB/NASA complains that Study #7 should have accounted for the fact that stations in larger markets tend to win a disproportionate number of duPont-Columbia awards.¹⁶ The NAB/NASA Submission breaks out selected data for those awards and contends that affiliates outperform O&Os in the top 10 markets.

EI has conducted a similar analysis on a data set that NAB/NASA chose to ignore: the RTNDA awards, another important source of data for Study #7. Because a larger number of RTNDA awards are given out each year, they likely offer a better measure of news quality than the duPont-Columbia awards. EI examines the RTNDA awards from two perspectives, first analyzing the awards bestowed in the top 10 markets and then broadening the scope to include the top 50 markets. In either setting, EI concludes, there is no discernible difference between O&Os and affiliates with respect to RTNDA awards.¹⁷

In sum, NAB/NASA concedes that the data underlying Study #7, even when market size is taken into account, demonstrates that O&O stations present significantly more news and public affairs than affiliates. Only through manipulation of the data – the exclusion of the Fox O&Os and affiliates, for which EI finds no basis in the evidence or in principle – can NAB/NASA reach a contrary conclusion. Even then, the only conclusion they reach is, at most, that there is no difference between the performance of O&O stations and affiliates in news performance. Accordingly, in considering whether to eliminate the national multiple ownership cap, the Commission can confidently rely on the findings from the EI analyses set forth in Appendix 1 – which are consistent with the findings of Study #7 – that O&O stations present significantly

¹⁶ NAB/NASA Submission at 7-8.

¹⁷ Appendix 1, at 10-11.

more news and public affairs than affiliates and that O&O stations earn at least as many awards as affiliates for news quality.

Respectfully submitted,

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Appendix 1

**News and Public Affairs Programming: Television Broadcast Network Owned and
Operated Stations Compared to Network Affiliated Stations**

Executive Summary

In connection with the omnibus review of its current media ownership rules, the FCC in October 2002 released a staff study that examined the extent and quality of news and public affairs programming of broadcast television network owned-and-operated (O&O) stations and of affiliates of ABC, CBS, FOX and NBC. This study concluded that O&O stations carry more minutes of local news and public affairs programming than affiliates and receive more awards for news quality than affiliates.

More recently, the National Association of Broadcasters (NAB) and an allied group of network affiliates submitted in this proceeding a study (NAB/NASA study) challenging the FCC staff results. The NAB study criticizes the FCC staff study on various methodological grounds and reports its own independent analysis. The NAB/NASA study concludes that, if Fox O&O and affiliate stations are excluded, affiliates and O&O stations offer about the same number of minutes of local news and public affairs programming. The NAB study also finds that affiliates earn more awards for news quality than O&O stations.

In this paper, Economists Incorporated (EI) reports the results of its own independent investigation of these issues and assesses the methods used in the FCC staff and NAB/NASA studies. EI concludes that O&O stations carry more minutes of local news and public affairs programming and receive about the same number of awards for news quality as affiliates. EI also concludes that the NAB/NASA study has a serious methodological flaw, the exclusion of the Fox O&O and affiliate stations.

For reasons explained in the paper, EI believes that its own results are more reliable than the other two studies. Stepping back, however, the three studies (FCC staff, NAB/NASA and EI) taken together at face value provide strong support for the conclusion that O&O stations provide at least as much local news and public affairs programming as affiliated stations and earn about the same number of awards for news quality. Therefore, the evidence as a whole fails to provide any basis for a rule limiting network ownership of TV stations.

News and Public Affairs Programming: Television Broadcast Network Owned and Operated Stations Compared to Network Affiliated Stations

Bruce M. Owen, Kent W Mikkelsen, Rika O. Mortimer and Michael G. Baumann *

Introduction

FCC Study #7, "The Measurement of Local Television News and Public Affairs Programs," by Thomas C. Spavins, Loretta Denison, Scott Roberts and Jane Frenette, studied the news performance of network owned-and-operated (O&O) stations and affiliates of ABC, CBS, FOX and NBC. It concluded that O&O stations tend to carry more minutes of local news and public affairs programming and receive more awards for news quality than affiliates. The study found that ratings of early evening newscasts were about the same for the two groups of stations.

FCC Study #7 used a fairly simple methodology in reaching its conclusions, as its authors acknowledge. It basically made a comparison of average performance indicators for the two groups to see which group had a higher average. It did not attempt to control for factors other than network ownership that might affect news performance.¹

Subsequently, the National Association of Broadcasters ("NAB") and the Network Affiliated Stations Alliance ("NASA") submitted a paper titled "'The Measurement of Local Television News and Public Affairs Programs': Analysis of Media Ownership Working Group Study" ("NAB/NASA paper"). This paper criticized FCC Study #7 on several grounds. First, it argued that market size (or DMA rank) has an important effect on television stations' news output, and the failure of FCC Study #7 to take market size into account makes its findings unreliable. Second, it argued that Fox O&O stations and Fox affiliated stations should not have been included in the study.²

* The authors wish to acknowledge research assistance from Jason Coburn.

¹ The study excludes O&O and affiliate stations in DMAs that did not have at least one O&O and at least one affiliate. This may control for factors related to smaller DMAs where O&Os do not occur. This restriction is retained in the EI study.

² The NAB/NASA paper also questions the accuracy of some of the data used in FCC Study #7.

The hypothesis that market size affects television stations' news output is plausible and worth considering. Regression analysis makes it possible to consider simultaneously the effects of multiple factors, including market size and whether or not the station is O&O. Both the NAB/NASA paper and the EI regression results presented below confirm that market size is a significant factor in explaining television stations' news output.

The argument that Fox O&O and affiliate stations should be removed from the analysis is far from convincing, however. The NAB/NASA paper states that "Fox stations (O&O and Affiliate) are clearly outliers with a remarkable variation in hours of news programs when compared with the other networks." Variability in the amount of news carried by Fox stations does not make these observations "outliers," and provides no reason to exclude them.³ The NAB/NASA paper also argues that, since many Fox O&O stations were acquired in the past few years, the amount of news carried on the station may have attracted Fox to purchase the station, rather than that Fox ownership resulted in a greater amount of news carriage. In addition, the paper speculates that Fox affiliates are still in transition from independent stations to network affiliates, which may affect their news output.

The idea that Fox stations should be excluded from the study on the grounds that Fox O&O stations' decisions regarding news programming reflect, not Fox's policies, but the policies of previous owners, is absurd. First, it does not take long to replace local news programming with syndicated programming, if that were Fox's preference. No extended "transition" is required. Second, Fox's acquisition of stations with strong local news departments is evidence consistent with a preference on Fox's part that its O&O stations have strong local news programming, and this seems much more logical than the inference that Fox acquired such attractive stations in order to shut down one basis for their attractiveness. Indeed, Fox has increased news minutes since acquiring its O&O stations. EI understands that Fox internal analyses show that Fox O&Os carry over 50 percent more news minutes on average than they did before they were acquired by Fox.

³ Residual-fitted and leverage-residual plots were examined for the news minutes regressions described below, and no evidence was found that Fox stations should be excluded from the sample.

The EI study described in detail below uses data separate from those used in FCC Study #7 and the NAB/NASA paper. The EI study looks at news performance of O&O and affiliate stations of ABC, CBS, FOX and NBC using multiple regression analysis. This approach makes it possible to control for other variables that could affect news performance. The regression analysis permits a clear statistical test of whether, holding other factors constant, network ownership of stations is associated with more or fewer minutes of news. These data were also used to investigate whether O&O stations are more likely to receive news awards.

The EI Study

Data

This study focused on the difference, if any, between stations owned and operated by ABC, CBS, FOX and NBC and non-owned affiliates of these networks. The stations in the sample included all O&Os and affiliates of these networks located in DMAs that had at least one O&O and at least one affiliate. For purposes of this study, a station partially affiliated with one of these networks and partially affiliated with a network outside this group was excluded from the sample. The sample comprised 132 stations in 33 DMAs.

The principal source used to measure the amount of local news and public affairs programming was data supplied by TV Guide. TV Guide includes in its database indicators for news, public affairs and current affairs programs, and another indicator that distinguishes local programs from national programs. EI obtained a list of all programs during the week May 4-10, 2002 indicated as news, public affairs or current affairs (both local and national) for all full-power broadcast television stations in the TV Guide database. A separate measure that covered local news programming only was also derived from the TV Guide data. In addition, ratings data from Nielsen Media Research include an indicator for local news programs. EI obtained a database providing the number of quarter hours broadcast for all local news programs aired by stations that Nielsen rated in the May 2002 sweeps period.⁴ From each of these sources, EI determined the total minutes of

⁴ These quarter hours were converted to minutes and divided by four to put them on a weekly basis to provide another measure of local news programming. Stations must reach a weekly cumulative household audience percentage above 2.5 (for local broadcast and local cable origination) or 19.5

local news or local news and public/current affairs programming during the respective sample periods.

The Radio and Television News Directors Association (RTNDA) makes annual awards to recognize high quality news programming. The number of RTNDA awards received by a station (which can be zero) is an indicator of news programming quality. This measure was also used in FCC Study #7. Station news quality is measured by the number of awards earned by a station during 2001 and 2002, as reported on the RTNDA website, <http://www.rtna.org>.⁵

BIA Financial Network ("BIA") maintains a database of information about broadcast television stations. BIA was used to identify all stations affiliated with ABC, CBS, FOX or NBC. Ownership information in the BIA data and trade press was used to identify those stations both affiliated with and owned by ABC, CBS, FOX and NBC.⁶ Stations in DMAs not containing at least one affiliate and at least one O&O station were not included. BIA was also the source for many station- and DMA-level variables discussed below.

EI constructed several variables to indicate the usage of various non-television media within each DMA, as follows:

Radio

Arbitron reports for each of its Metro Markets the percentage of the population age 12 and older (12+ population) that uses radio during an average quarter hour during the day (persons using radio or PUR). To construct a DMA-level measure, each Metro Market totally contained within a DMA was assigned to that DMA. In some cases, a DMA encompasses several Metro Markets. Metro Markets that extend across a DMA boundary

(for out-of-market stations, including superstations) to be included in the Nielsen data. One affiliate station was not included in the Nielsen news measure because it was not rated.

⁵ FCC Study #7 uses as a measure of quality both the RTNDA awards and the number of A.I. DuPont Awards earned by a station 1991-2002. The NAB/NASA study relies solely on the DuPont awards. Very few A.I. DuPont awards are given each year, and awards made in the early years of the last decade may not be representative of current practices. EI did not use DuPont awards as a measure of news quality.

⁶ "The Top 25 TV Groups," *Broadcasting & Cable*, April 8, 2002, pp. 46-73. Fox, NBC and Viacom personnel also reviewed the list of O&O stations for their respective networks.

were broken into their constituent counties, and the counties were assigned to the DMAs to which they belong. In these instances, it was assumed that the PUR of each constituent county was the same as the PUR for the Metro Market as a whole. Three counties that belonged to more than one Metro Market were not assigned to any DMA. A weighted average PUR was then calculated for each DMA from the Metro Areas and constituent Metro Market counties assigned to that DMA, weighted by the 12+ population. This procedure resulted in a PUR measure for 145 of the 210 DMAs.

Internet

The U.S. Census Bureau conducted a survey in 2001 that included information on Internet access and use. The survey responses of 56,634 households were available electronically.⁷ After limiting the sample in several dimensions, approximately 56,300 observations were left.⁸ Each of these observations represents a household in which the reference person was asked "Does anyone in this household connect to the Internet from home?" To construct a DMA-level measure of Internet usage, individual survey responses were assigned to DMAs in which they lived. For approximately 19,500 observations, an assignment was made based on the county in which the respondent lived. For the remaining observations, Census suppressed the county to preserve the confidentiality of survey respondents. About half of these remaining observations had information on the respondent's city of residence (Metropolitan Statistical Area or MSA). In most cases, these MSAs lay entirely or (in a few cases) mostly within a DMA, and all observations in the MSA were assigned to a DMA on this basis. This process brought the number of observations assignable to DMAs to approximately 38,000. The remaining 18,000 observations were not used in this analysis. Of the 210 DMAs, 142 had some Census survey observations assigned to them. The percentage Internet usage in each DMA was calculated using the household weight variable (hwhhwgt): the sum of observation weights for all observations in the DMA reporting Internet use was divided by the sum of all observations in the DMA.

⁷ See <http://www.bls.census.gov/cps/computer/computer.htm>.

⁸ Household types classified as "group quarters with family" or "group quarters without family" are excluded from the analysis, "adult armed forces household members" are excluded, and only responses by the reference person (perhp=1, 2) are included.

Newspapers

Editor & Publisher maintains a database of all daily newspapers published in the United States. The database included newspapers for which a county of publication was listed and the Monday-Friday circulation was listed. These newspapers were all assigned to DMAs based on their county of publication.⁹ After the DMA assignment was made, the total Monday-Friday circulation of the daily newspapers in each DMA was summed from the newspapers in the DMA. When used in regression analyses, the total daily newspaper circulation in the DMA was expressed as a percentage of households in the DMA. Observations were available for 208 DMAs.

Cable

EI used data on individual cable systems maintained by Warren Publishing. These data showed the DMA, number of basic subscribers, channel capacity and number of channels not in use by 5,986 cable systems. The number of cable channels offered to subscribers was calculated as the difference between channel capacity and channels not in use. Within each DMA, the weighted average number of channels offered to subscribers was calculated, weighted by the number of subscribers. All DMAs had an observation for this variable.

News Minutes

The most basic regression estimation procedure, ordinary least squares (OLS), assumes that the dependent variable is a continuous random variable. In these regressions, the number of minutes of local news and public affairs programming can be zero (as they are for some stations in the sample) or positive (as they are for most stations in the sample). A regression with a "censored dependent variable" (e.g., some dependent variables are zero) is usually estimated with a non-OLS method such as tobit.¹⁰ Using the OLS procedure for the censored regression model produces biased and inconsistent parameter estimates.

⁹ A few counties are split among multiple DMAs. Newspapers located in these counties were assigned to DMAs based on the location of their city of publication.

¹⁰ See *Limited-Dependent and Qualitative Variables in Econometrics* by G.S. Maddala (1983) for further discussion of the tobit model.

Independent variables in the regressions are factors believed to affect the minutes of local news programming. These include station characteristics, DMA characteristics, and a dichotomous variable with a value of 1 for O&O stations, and 0 otherwise. Station characteristics included three dichotomous variables, for affiliation with ABC, CBS, and NBC, station revenue and the number of stations held nationwide by the same owner.¹¹ DMA characteristics included DMA rank, the number of full-power commercial stations,¹² total station revenue, average household income, the percentage of population age 50 or older, newspaper circulation per household, cable penetration rate, penetration rate for non-cable video delivery systems (e.g., DBS), the average number of channels available on cable, Internet penetration rate, and the percentage of population listening to radio. The complete list of variables used is reported in Table 1.

Table 2 shows the results of the regression using minutes of local news and public/current affairs from the TV Guide data. This regression uses the simple model presented in the NAB/NASA paper. The only explanatory variables, in addition to a constant term, are O&O status and DMA rank (1 for the largest DMA, 2 for the second-largest DMA, etc.) The O&O coefficient is positive and highly significant. Although the results using the Nielsen data and the TV Guide measure excluding public/current affairs are not reported here, they are similar to the findings in Table 2. In this simple model, O&O stations offer significantly more minutes of local news, public and current affairs programming than affiliate stations, even after adjusting for the effects of DMA rank. The coefficient on DMA rank was negative and highly significant, indicating that stations in larger DMAs tend to carry more news minutes, other things equal.

Table 3 presents the regression results using a richer set of explanatory variables, including O&O status and DMA rank. Once again, the O&O coefficient is positive and highly significant. The same result, not shown, was obtained using the Nielsen data and the TV Guide measure excluding public/current affairs to measure minutes of local news. Thus, both regression analyses show that O&O stations carry significantly more news minutes per station than do affiliate stations, holding other factors constant.

¹¹ The dummy variable for Fox was dropped in this regression because of collinearity.

¹² "MAIN" indicates a full-power commercial station.

The magnitude of the difference between O&O stations' average news minutes and affiliate stations' average news minutes can be seen in the table below. Column (1) reports the average news minutes for the two station groups using the EI sample. On average, O&O stations carried 31 percent more news minutes than affiliate stations in the sample, a difference of 430 minutes per week or 7.2 hours per week.¹³

	EI Sample Average	Estimated Average, Controlling for Other Factors	
		Simple Model	Full Model
	(1)	(2)	(3)
<u>Minutes/Week</u>			
O&Os	1,802	1,781	1,864
Affiliates	1,372	1,376	1,357
Difference	430	405	507
<u>Hours/Week</u>			
O&Os	30.0	29.7	31.1
Affiliates	22.9	22.9	22.6
Difference	7.2	6.8	8.5
O&Os as Percentage of Affiliates	131%	129%	137%

The NAB/NASA paper argued that such a comparison fails to account for factors other than network ownership that could affect news minutes. In the remaining columns, such factors are taken into account, using the regression results from Table 2 and Table 3. Column (2) shows the number of news minutes that would be estimated for O&O and affiliate stations if the other factor in the simple model (i.e., market rank) were held constant. If an O&O station and an affiliate station were each located in a DMA with the average rank in the sample, the O&O station would have an estimated 1,781 news minutes per week and the affiliate station an estimated 1,376 news minutes per week. The difference is 405 minutes per week (6.8 hours per week), with the O&O station carrying 29 percent more news minutes than the affiliate station. Column (3) also presents estimated news minutes for O&O and affiliate stations, but it uses the results of the full model. If an O&O station and an affiliate station each had the average value for all the explanatory variables other than ownership, the O&O station would carry an estimated 507 minutes

¹³ For comparison, note that FCC Study #7 reported a 23 percent difference.

per week (8.5 hours per week) per week more than the affiliate station, a difference of 37 percent.

News Awards

The NAB/NASA paper argued that the conclusions of FCC Study #7 with regard to news awards were similarly flawed by failure to account for market size. To control for market size, the NAB/NASA paper limited its analysis to the O&O and affiliate stations in the top 10 DMAs. Within those DMAs, it calculated the percentage of stations that were O&Os. This was compared to the percentage of awards received O&Os out of the total awards received by any station in this group. The same calculations and comparisons were done for affiliate stations in those 10 DMAs. The NAB/NASA paper focused on the DuPont awards, one of the two awards measures used in FCC Study #7. NAB/NASA found that in the top 10 DMAs, O&Os made up 70 percent of the stations but earned only 54 percent of the awards. The paper concludes that O&O stations are significantly less likely to win Dupont awards than are affiliates in the same markets.

EI performed a similar calculation with the other news award used in FCC Study #7, the RTNDA awards. As shown in the table below, O&O stations as of May 2002 made up 67 percent of O&O and affiliate stations in the top 10 DMAs and earned almost the same percentage, 66 percent, of the RTNDA awards received by stations in this group in the preceding two years. In the top 50 DMAs, the corresponding numbers for O&O stations were 28 percent of stations and 27 percent of awards. From these results, there is no discernible difference between O&Os and affiliates in the likelihood of winning RTNDA awards.¹⁴

	Top 10 DMAs		Top 50 DMAs	
	<u>% of Stations</u>	<u>% of Awards</u>	<u>% of Stations</u>	<u>% of Awards</u>
O&O	67.44	65.57	27.94	27.40
Affiliate	32.56	34.43	72.06	72.60

¹⁴ Regression analyses of RTNDA news awards similarly showed no statistically significant difference between O&Os and affiliates, holding other factors constant.

Conclusion

EI's principal findings are as follows:

1. O&O stations carry more minutes of local news and public affairs programming than affiliates, holding other factors constant. This result is statistically highly significant.
2. The number of news awards received by O&O stations is not significantly different from the number of news awards received by affiliates.

Table 1: Variable Definitions

TOTMIN_LPC_STA_TVG	Weekly total minutes of local news, public and current affairs programming offered by a station (TV Guide)
OANDO	1 if it is An O&O station; 0 otherwise (BIA)
RANK	DMA market rank (Nielsen)
ABC	A dummy variable for ABC affiliates (BIA)
NBC	A dummy variable for NBC affiliates (BIA)
CBS	A dummy variable for CBS affiliates (BIA)
NUM_STAS	The number of stations held by the same owner (BIA)
STAREV8	Station revenue
NUMRATED_M	The number of stations classified as "MAIN" stations (i.e., not cable, public, low power, Class A, translator or satellite) (BIA)
GROSS6	Total station revenue (BIA)
AVGHHINC	Average household income (BIA)
TOT50PLUS	The percentage of population age 50 and older (Nielsen)
PAPERCAPITA	Newspaper circulation per household (Editor & Publisher)
ADS	Penetration rate for non-cable video delivery system (BIA)
CABLE	Cable penetration rate (BIA)
CHANELSINUSE	The number of channels available in cable (Warren Publishing)
INTERNET	Internet penetration rate (US Census)
PCTLISTENING	The percentage of population listening to radio (Arbitron)

Table 2: Dependent variable: totmin_lpc_sta_tvg (tobit), Simple Model

Tobit estimates	Number of obs	=	132
	LR chi2(2)	=	31.53
	Prob > chi2	=	0.0000
Log likelihood = -1000.2368	Pseudo R2	=	0.0155

	totmin_lpc~g Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
oando	405.4635	99.34643	4.08	0.000	208.9185	602.0085
rank	-6.701585	1.695678	-3.95	0.000	-10.05628	-3.34689
_cons	1585.765	81.56363	19.44	0.000	1424.401	1747.128
_se	546.9244	34.27191	(Ancillary parameter)			

Obs. summary: 3 left-censored observations at t~lpc_~g<=0
 129 uncensored observations

Table 3: Dependent variable: totmin_lpc_sta_tvg (tobit), Full Model

Tobit estimates	Number of obs	=	129
	LR chi2(2)	=	57.25
	Prob > chi2	=	0.0000
Log likelihood = -967.02234	Pseudo R2	=	0.0288

totmin_lpc~g	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
oando	507.379	105.75	4.80	0.000	297.849	716.9091
rank	-4.78015	4.613436	-1.04	0.302	-13.92108	4.360782
abc	-7.789415	132.8033	-0.06	0.953	-270.922	255.3432
cbs	163.219	125.2898	1.30	0.195	-85.02678	411.4647
nbc	11.52199	125.7664	0.09	0.927	-237.668	260.712
num_stas	-8.478493	3.19308	-2.66	0.009	-14.80517	-2.151814
starev8	.0101272	.0023762	4.26	0.000	.005419	.0148353
numrated_m	12.21823	28.56693	0.43	0.670	-44.38348	68.81994
gross6	-.0013437	.0009904	-1.36	0.178	-.0033061	.0006188
avghhinc	.0008828	.0152894	0.06	0.954	-.0294112	.0311768
tot50plus	-6.680776	19.56807	-0.34	0.733	-45.4524	32.09084
papercapita	-.2202343	.2220813	-0.99	0.323	-.66026	.2197913
ads	4.545311	24.06356	0.19	0.851	-43.13355	52.22418
cable	1.0517	12.02467	0.09	0.930	-22.77364	24.87704
channelsin~e	5.909503	5.599047	1.06	0.293	-5.184289	17.0033
internet	-4.850556	8.440626	-0.57	0.567	-21.57457	11.87346
pctlistening	28.65329	77.62397	0.37	0.713	-125.1486	182.4552
_cons	1049.214	2631.27	0.40	0.691	-4164.311	6262.738
_se	480.7851	30.29916	(Ancillary parameter)			

Obs. summary: 2 left-censored observations at t~lpc_~g<=0
 127 uncensored observations